State of Vermont
Vermont Health Access Plan
Budget and Finance Questions

1. What action does the State plan to implement in order to comply in future periods with the requirement that annual member month data (caseload) be reported to HCFA within 90 days after the end of the calendar year (Attachment A of Terms and Conditions, item 1.d)?

   Member month data is prepared at the same time as the quarterly HCFA-64 Reports. Hereafter, it will be provided at that time to whoever you may designate.

2. What action does the State plan to take to improve the timeliness of the reporting of waiver expenditures of the HCFA-64.9 supplemental sheets?

   The process for preparation of HCFA-64.9 supplemental sheets has recently been updated. A representative from the HCFA Regional Office recently performed an on-site review of the process. Unfortunately we experienced a server failure this month. That along with the RO review delayed the completion of the compilation of the second quarter 2000 reports. These though are unusual events. Once the CRT issues have been finalized, we anticipate that the supplemental sheets will be provided per the schedule contained in the Terms and Conditions.

3. Please provide more detail behind the estimates in Exhibit 7-9 (i.e., enrollment and per capitas by MEG) for both the original waiver period and the extension request.

   Enclosed please find detailed tables used to develop Exhibits 7 through 9 (entitled Supplemental Exhibit A). The tables include expenditures as reported in the HCFA-64 Reports and quarterly counts of member months for each MEG.

4. Regarding actual DSH expenditures shown on Exhibit 7 to the extension request, does the State have a backup Excel file or other support showing how these amounts were taken from the HCFA-64 reports?

   Enclosed please find Supplemental Exhibit B, containing a history of all DSH payments since the start of the Waiver. The DSH amounts reported in the Exhibit are the same as those reported in the HCFA-64 Reports. Similarly, Exhibits 7 through 9 have been updated to reflect DSH payment amounts recorded in the HCFA-64 Reports.

   What accounts for the increase in VHAP projected trend rates on Exhibit 10; likewise, what accounts for the decrease in VHAP-RX trend rates on Exhibit 10?

The VHAP trend rate for CY 2001 is based on historical trends for the VHAP program. The State believes that medical trends will increase slightly over the next two to five years.

While VHAP-Rx trends historically have been in the 15 to 17 percent range, the State is undertaking a number of initiatives designed to control pharmacy costs. Short-term initiatives are currently being implemented, including an advanced DUR program and implementation of MAC pricing for certain generic drugs. These initiatives are expected to reduce the trend rate by two to three percent. Longer-term initiatives may include additionally pricing mechanisms and contracting with a pharmacy benefits manager. These initiatives may result in an additional two percent reduction in the trend rate.

All Exhibits will be provided in an electronic format under separate cover.

5. Is there an Excel spreadsheet available to explain/support the projected expenditure figures and waiver limit figures reported on Exhibit 11 "Summary of Projected Expenditures and Waiver Limits: Community Rehabilitation and Treatment"? If so, who may HCFA RO staff contact for this data?

   A detailed table of CRT payments is attached as Supplemental Exhibit C. Also, Exhibit 11 has been revised to provide more detail regarding projected expenditures and waiver limits.

   All Exhibits will be provided in an electronic format under separate cover.

6. Regarding the last paragraph on page 38, how is the State tracking DSH to ensure that the portion of the DSH allotment used to support the CRT program plus actual DSH spending will not exceed the DSH allotment specified in the waiver Terms and Conditions?

   The State and HCFA Regional and Central Offices recently discussed and resolved this issue.

   The historical DSH allotment for Vermont State Hospital comprises part of the inpatient funds paid to DDMHS in exchange for the provision of all inpatient behavioral health care provided to CRT patients. This approach enables DDMHS, as the Managed Care Organization, to allocate inpatient hospital resources in accordance with need. Should actual inpatient expenditures exceed the amount included in the capitation payments, DDMHS would bear the risk of paying for such services.

   As of April 1, 1999 (the effective date of the CRT amendment), the State no longer makes DSH payments to the State Hospital. Therefore, DSH payments

after April 1, 1999 are limited to those made to general hospitals.